

*Perry Gandy*  
26 JUL 1954

MEMORANDUM FOR: Legislative Counsel, Office of General Counsel  
SUBJECT: S. 2665, Amending the Classification Act of 1949,  
the Federal Employees Pay Act of 1945, and for Other  
Purposes

1. Pursuant to your request, representatives of this Office have reviewed the current version of subject Bill. It is requested that the following comments be considered in preparing a reply to Senator Carlson.

a. Title I, Amendments to the Classification Act of 1949, as amended:

Although we may encounter some minor difficulty in conversion from the CPC schedule, we do not believe any major problems will be created in adopting these provisions.

b. Title II, Amendments to the Federal Employees Pay Act of 1945, as amended:

No problems are foreseen in applying these provisions.

c. Title III, Federal Employees' Incentive Awards:

As noted in our memorandum dated 1 May 1954 commenting on H.R. 7774, Federal Employees' Incentive Awards Act of 1954, we believe some adjustment will be necessary in this portion of the Bill. Section 303(b) provides, in part:

"The Commission shall inspect and review the operation of the incentive awards plans in the departments to insure compliance with the provisions of this title and with the standards and regulations of the Commission . . ."

We interpret this requirement to be virtually the same as in the case of the Performance Rating Act of 1950 and find it objectionable for the same reasons, i.e., inspection and review by the Commission would not enable the Agency to maintain required security. It is realized that many employee suggestions are on

administrative matters, and inspection of this type of material by the Commission would probably not cause problems. However, a considerable number of suggestions involve highly sensitive matters and are processed by a special panel even within the Agency.

If the Commission would have authority to exempt CIA from the inspection and review feature, then the Bill appears to be satisfactory. We cannot, however, read into the Bill that intent. Therefore, we propose that the intent of the following paragraph be inserted after the quoted subsection above:

"Except that the Director of Central Intelligence is authorized to conduct an incentive awards plan under this title without inspection and review by the Commission".

d. Title IV, Uniform Allowances:

No problems apparent.

e. Title V, Amendments to the Annual and Sick Leave Act of 1951, as amended:

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As noted in our memorandum dated 12 February 1954 commenting on a comparable provision of H.R. 7202, the prohibition contained in Section 506 against a lump sum leave payment to an individual is loosely worded. Specifically, we believe it should be clearly stated whether resignation is included in the term "separation" and, if so, whether resignation upon receipt of charges and before any hearing carries the same penalty as resignation in lieu of termination after a formal finding has been made.

Sections 502 and 503 (lines 3 and 17 on page 55) use the term "annual or vacation leave". We assume that this phrase means annual leave as defined in the Annual and Sick Leave Act of 1951.

f. Title VI, Miscellaneous Provisions:

We are pleased to note CIA exemption from the Performance Rating Act and repeal of Section 9 of P.L. 110.

2. If elaboration of the above comments is necessary, please let us know.

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George E. Meloon  
Deputy Assistant Director  
for Personnel